

Message Text

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ACTION EUR-12

INFO OCT-01 ARA-10 IO-13 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-03 INR-10 NSAE-00 SP-02 STR-07
TRSE-00 LAB-04 SIL-01 OMB-01 PA-01 /079 W
-----011766 290303Z /66

R 281841Z JUL 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 8148
INFO ALL EC CAPITALS
AMEMBASSY BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMEMBASSY MOSCOW
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW
USMISSION USBERLIN
USMISSION GENEVA
USMISSION USNATO
USINT HAVANA

C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 14780

USEEC

PARIS ALSO FOR USOECD

E.O. 11652: GDS
TAGS: EEC, COMECON, EEWT
SUBJ: EC-CEMA RELATIONS -- JULY 25-28 EXPERTS LEVEL
MEETING

REF: (A) BRUSSELS 10679 (B) BRUSSELS 13743
(C) BRUSSELS EC A-218

1. PURSUANT TO DECISION AT EC-CEMA TALKS AT "POLITICAL
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LEVEL" IN MOSCOW MAY 29-30 (REF A), A FURTHER ROUND OF
NEGOTIATIONS ON AN EC-CEMA AGGREEMENT WAS HELD AT THE
EXPERTS LEVEL IN BRUSSELS JULY 25-28. EC COMMISSION
DELEGATION WAS LED BY SIR ROY DENMAN, DIRECTOR GENERAL
FOR EXTERNAL RELATIONS, ASSISTED BY LOUIS KAWAN, EC
COMMISSION OFFICIAL IN CHARGE OF RELATIONS WITH EAST
EUROPE. CEMA DELEGATION, WHICH REPORTEDLY WAS ABOUT

20-STRONG AND INCLUDED EXPERTS FROM EACH OF THE EAST EUROPEAN COUNTRIES AND FROM CUBA, WAS LED BY VELKOV, A BULGARIAN WHO IS DEPUTY EXECUTIVE SECRETARY OF CEMA.

2. WHILE CARRYING ON THE DISCUSSIONS, THE EC COMMISSION STAYED IN CLOSE DAILY TOUCH WITH A "COORDINATION COMMITTEE" FROM COREPER.

3. A COMMISSION OFFICIAL WHO ATTENDED THE TALKS AND AN FRG PERMREP OFFICIAL TOLD THE MISSION THAT THE BRUSSELS TALKS WERE FRIENDLY AND FRANK BUT BROKE NO NEW GROUND. CEMA CONTINUED TO INSIST THAT AN EC-CEMA AGREEMENT MUST HAVE A TRADE CLAUSE AND THE EC, FOR THE USUAL REASONS (REFS A AND C), SAID IT COULD NOT AGREE. AS A RESULT OF CONTINUING DEADLOCK ON THIS ISSUE AND ON QUESTION OF WHO WOULD BE PARTIES TO AN AGREEMENT, THE TWO SIDES DECIDED THAT THEY WOULD NOT ISSUE A PUBLIC COMMUNIQUE BUT CONCLUDE INSTEAD FOR THE NEGOTIATING RECORD A SHORT DOCUMENT INDICATING THAT THEY HAD MET AND HAD NOT AGREED. ACCORDING TO OUR FRG SOURCE, WHILE CEMA HAS ACCEPTED THE COMMUNITY VIEW THAT AN ULTIMATE EC-CEMA AGREEMENT SHOULD PROVIDE FOR THE EXCHANGE OF ECONOMIC INFORMATION AND INFORMATION ON THE ENVIRONMENT, CEMA NEGOTIATORS WERE UNWILLING TO PUT THEIR CONCURRENCE INTO A PUBLIC DOCUMENT AT THIS TIME, PRESUMABLY FOR FEAR IT WOULD ERODE THEIR BARGAINING POSITION AS CEMA LATER PURSUES ITS INSISTENCE
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ON EXPANDING THE SCOPE OF AN EC-CEMA AGREEMENT TO INCLUDE A TRADE CLAUSE.

4. FRG OFFICIAL INDICATED THAT AT THIS SESSION THE CEMA SIDE HANDED THE EC A PAPER OUTLINING IN SKELETAL FORM (I.E., SIMPLY A LIST OF SUBJECTS TO BE INCORPORATED IN INDIVIDUAL CLAUSES) THE TYPE OF AGREEMENT CEMA WOULD LIKE TO SEE EVENTUATE. INTERESTINGLY, "TERRITORIAL APPLICABILITY CLAUSE" IS LISTED AS ONE OF THE ITEMS WHICH MIGHT APPEAR IN AN AGREEMENT. ACCORDING TO OUR FRG SOURCE, SINCE THE TWO SIDES WERE ABLE IN THE CURRENT ROUND OF TALKS TO AGREE ONLY ON SOME LANGUAGE FOR THE PREAMBLE AND THEN IMMEDIATELY RAN UP AGAINST THE TWO DISPUTED ISSUES REFERRED TO IN PARA 3 ABOVE, THE TERRITORIAL APPLICABILITY CLAUSE WAS NOT DISCUSSED, AND HENCE THE EC DOES NOT KNOW WHAT CEMA INTENDS BY LISTING THIS ITEM IN ITS PROPOSED FRAMEWORK.

5. COMMISSION AND FRG OFFICIALS SAID THAT WHILE SUBJECT DID NOT ARISE AT BRUSSELS TALKS, EC ASSUMES THERE WILL BE ANOTHER MEETING AT THE HAFERKAMP/FEDEYEV LEVEL IN OCTOBER, AS AGREED TO IN MOSCOW. COMMISSION OFFICIAL

SAID THA WHILE CEMA DELEGATION SAID NOTHING HERE ABOUT
A FURTHER PREPARATORY MEETING AT THE EXPERTS LEVEL PRIOR
TO THE OCTOBER SESSION AT THE POLITICAL LEVEL, THE EC IS
PREPARED TO AGREE TO AN EXPERTS MEETING SHOULD CEMA LATER
REQUEST IT.

6. AN OFFICIAL IN THE COMMISSION SPOKESMAN'S OFFICE TOLD
THE MISSION THAT VELKOV DID "85 PERCENT" OF THE TALKING
FOR THE CEMA DELEGATION DURING THE BRUSSELS MEETINGS.
HE NOTED, HOWEVER, THAT A ROMANIAN MEMBER OF THE DELEGA-
TION HAD RECALLED TO THE EC THE ROMANIAN GOVERNMENT'S
POSITION IT IS PREPARED TO HAVE DIRECT BILATERAL TRADE

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RELATIONS WITH THE EC IN CERTAIN SECTORS. COMMISSION
OFFICIAL NOTED, HOWEVER, THAT APART FROM THE FOREGOING
EXPRESSION, ROMANIAN HAD NOT TAKEN A LINE SEPARATE FROM

THAT OF HIS CEMA COLLEAGUES. THIS COMMISSION OFFICIAL
NOTED THAT THE BRUSSELS MEETINGS ARE PART OF A LONG
PROCESS AND THAT THE NEGOTIATIONS WILL PROBABLY CONTINUE
TO BE DIFFICULT AND SLOW-MOVING. HINTON

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